



SENATE COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

Opening Statement for
“*Minority Entrepreneurship: Evaluating Small Business
Resources and Programs*”
September 24, 2009 at 10:00 a.m.
Room 418 of the Russell Senate Office Building

(As Prepared)

Good morning and thank you for joining us at this roundtable on minority entrepreneurship during Congressional Black Caucus week.

Before I begin I'd like take a point of personal privilege and recognize the two witnesses on today's panel who come from the great state of Louisiana: Dwayne Wilkerson, CEO of the Maard Group in New Orleans and Ms. Charlotte Burnell owner of Strategic Planning Associates, LLC from Metairie, Louisiana. I want to thank you both for being here to share your testimony about the challenges and triumphs of being a minority or woman owned business owner. Thanks for being here.

Today we're here to examine an issue that is vital to the growth and development of our nation: How do we support the minority community's efforts to open, own and grow their own businesses?

One of our nation's greatest assets is our diversity. We are literally the only nation that looks and speaks like every other nation on earth. That is a strength that allows us to be the most competitive nation in the growing global marketplace. The number of businesses in our minority communities continues to grow, adding to our competitive advantage. Minority business enterprises accounted for more than 50 percent of the two million new businesses over the last 10 years.

There are now more than four million minority-owned companies in the United States, with annual sales totaling nearly \$700 billion. These businesses cross the entire industrial base from financial services and health care to construction and transportation. While the numbers of minority-owned businesses are a source of optimism and hold promise for the future, much more needs to be done to encourage and strengthen the minority business community. Although minorities make up 32 percent of the nation's population, minority business owners make up only 18 percent of firms. Non-minority firms bring in about \$448,000 in sales, while minority firms bring in less than half of that - \$162,000. Clearly the potential for small business growth and entrepreneurship has not been fully tapped and there are barriers to entry that continue to exist, like gaining access to:

- capital – including venture capital – and
- government contracts.

The question today is whether SBA's contracting and access to capital programs are meeting the needs of those that they were created to help and, if not, what can we do to improve access for minority business owners.

ACCESS TO CAPITAL

One of the keys to small business growth is access to capital. But SBA lending data shows the share of loan dollars to minorities is largely stagnant or shrinking compared to non-minorities.

For example, African Americans receive only about 5 percent of loans from the SBA's 7(a) program – the

agency's largest loan program.

A 2005 SBA report also found African American and Hispanic firm owners faced higher loan denials.

Obtaining venture capital is even tougher for minorities, as the venture capital world is still 77 percent white and male. These men greatly owe their success to close networks of peers and mentors, the breadth of which many minorities have traditionally lacked. This is slowly changing today, as is made clear by the Congressional Black Caucus and other strong minority groups. But the numbers tell us there is still work to be done. Women and minorities received less than 5 percent of the venture capital investments made over the past 40 years, and that financing has especially decreased since 1998.

CONTRACTING

These disparities are why we need federal contracting programs like 8(a) and its business counseling counterpart, 7(j). This contracting program to help minority and disadvantaged firms access federal contracts is still sorely needed to help bridge the gap for small minority firms attempting to break into the market.

CONCLUSION

We need to do all we can to open the door to entrepreneurship in minority communities because their success is critical to our country's success. According to US Census projections between 1995 and 2050 we will add 131 million new citizens to our country and 90 percent of them will be from the minority population. With minorities being an increasing demographic in America, we can't afford to leave any segment of our society behind.

As our nation is changing, we must preserve our commitment to equal opportunity. We can only do that when we appreciate the value that all of our citizens bring to the table, and when we invest in every segment of our society.

ROUNDTABLE FORMAT

Let me now take a moment to explain the format for the roundtable. We've got a large group so if you would please stand your name placard up long ways to be recognized to speak. I unfortunately cannot stay due to my schedule, but in my absence Don Cravins and Greg Willis from my staff will moderate and help lead the discussion. They will be reporting back to me on the details of the roundtable.

Before I turn the panel over to Donald and Greg I would like to start off by asking the roundtable what their experience has been with respect to Recovery Act contracts. It's extremely important for me to hear from you about whether you or your members are seeing an increase in federal contracts.

We will leave the record open for two weeks, until October 8th.

Now I would like to turn the roundtable over to Don and Greg.

I will listen until I need to leave.